Wheat Weekly Research Report
21st, May-2018

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:- ***(Back to Table of Contents)***

As per trade source, India has exported around 4.24 thousand tonnes in the month of April compared to 1.84 thousand tonnes in March. The quantity in March was exported at an average FOB of $ 357.32 per tonne and the major destinations were UAE, UK, Sri Lanka, Vietnam and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Government agencies have started procurement since 15th March'18. Until 18th May'18 government has procured around 328.54 lakh tonnes of wheat. Of the total quantity procured, around 125.88 lakh tonnes have been procured from Punjab, 87.37 lakh tonnes from Haryana, 34.15 lakh tonnes from Uttar Pradesh, 66.17 lakh tonnes have been procured from Madhya Pradesh, 13.74 in Rajasthan, 0.74 lakh tonnes from Uttrakhand, 0.14 lakh tonnes from Chandigarh and 0.35 lakh tonnes from Gujarat. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT.

As per trade sources, India has imported around 1.6 MMT of wheat during April'17-March18. Import in 2018-19 is likely to be around 1.0-1.5 MMT due to good production and procurement. Expected Increase in import duty by government to 40 percent will not only provide support to domestic prices but also put a complete halt on imports from Australia and Black sea region.

Wheat WPI has increased slightly from 141.2 in March-2018 to 140.9 in April-2018. Monthly wheat inflation has decreased by 0.21 percent in March -2018 compared to previous month. As compared to March -2017 wheat WPI has decreased by around 0.07 percent.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. Traders are not quoting prices for APW due to lower availability. As of now Tuticorin port price ASW at Rs 2025-2035 per quintal and Ukrainian wheat at Rs 1870-1880 per quintal. Wheat supplies are likely to tighten this year.

As per latest update, until 19th May'18 a total of 126.64 LMT of wheat has been procured in Punjab. Government agencies have procured 126.09 LMT of wheat whereas private trade has procured 55436 MT. Furthermore, around 123.99 LMT of wheat has been lifted from mandis and Rs 18911 crore has been paid to farmers. Of the total quantity, PUNGRAIN had procured 29.23 LMT, MARKFED had procured 27.64 LMT, PUNSUP had procured 24.30 LMT, PSWC had procured 17.11 LMT, PAFC had procured 12.60 MT and FCI had procured 15.20 LMT of wheat.

Indian FoB quote is hovering around $238.53 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $204.20, $205.00, Euro 160.80, $218.60 and $228.64 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 1.5 million tonnes in MY 2018-19.

Previous Updates:

As per Agriwatch estimate, production is likely to be around 93.5 MMT compared to 95.0 MMT last year. Total availability is likely to be around 109.97 MMT, lower compared to last year because of lower acreage. Carry out is expected to be around 14.67 MMT for 2018-19 compared to 14.97 MMT for 2017-18.

As per third advance estimate, India is likely to produce 98.61 MMT of wheat compared to 97.11 MMT in second estimate. The total food grain production is expected at record 279.51 MMT, up by around 0.72% compared to second estimate.

Outlook & Recommendation: *Wheat cash market is expected to trade steady to firm in the coming week.*

Trade Call: *Stakeholders should trade in June contract taking care of lower and upper price tag of Rs. 1731 & 1873 respectively.*

Wheat Weekly Export:

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Week On Week Exports	Quantity in MT	Average FoB ($/T)
01-08 April-2018	1870.24	340.89
09-15 April -2018	808.61	349.59
16-23 April -2018	550.56	393.64
24-30 April -2018	1005.13	334.45
Total	4234.54	

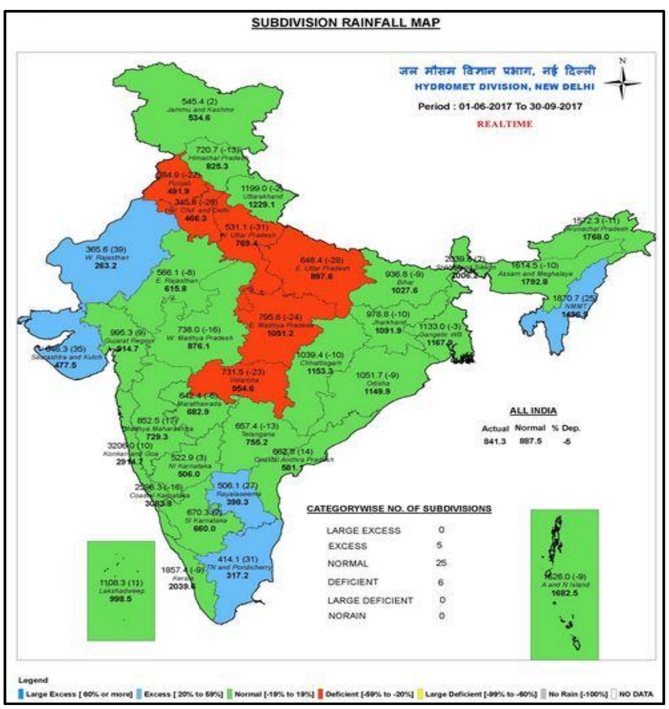
Source: Trade

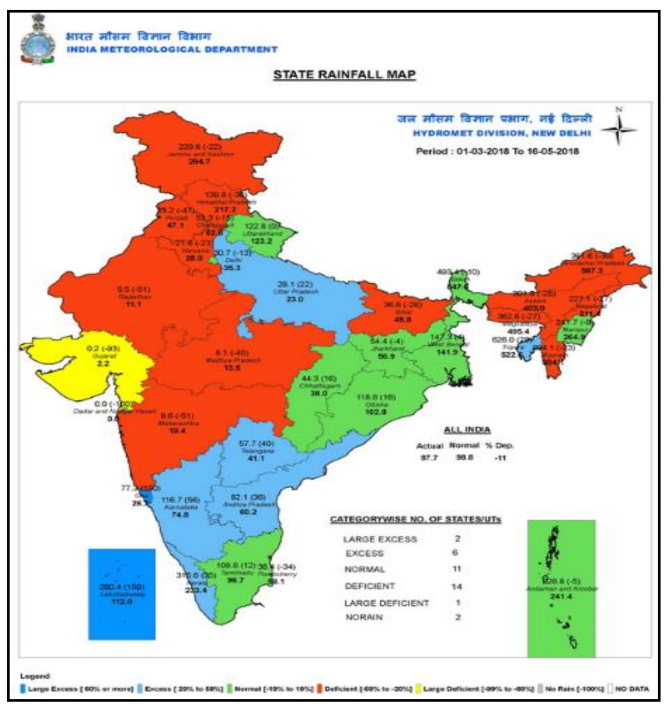
Wheat Import:

Date	Source	Port	Quantity in MT	Ave CiF ($/T)
27th Feb-2018	Australia	Tuticorin	30780.34	256.5
	Total		30780.34	

As per trade sources no quantity has been imported in the month of April-2018.
Source: Trade

Weather Condition& Monsoon:





Source: IMD

Wheat Weekly Average Price Chart:

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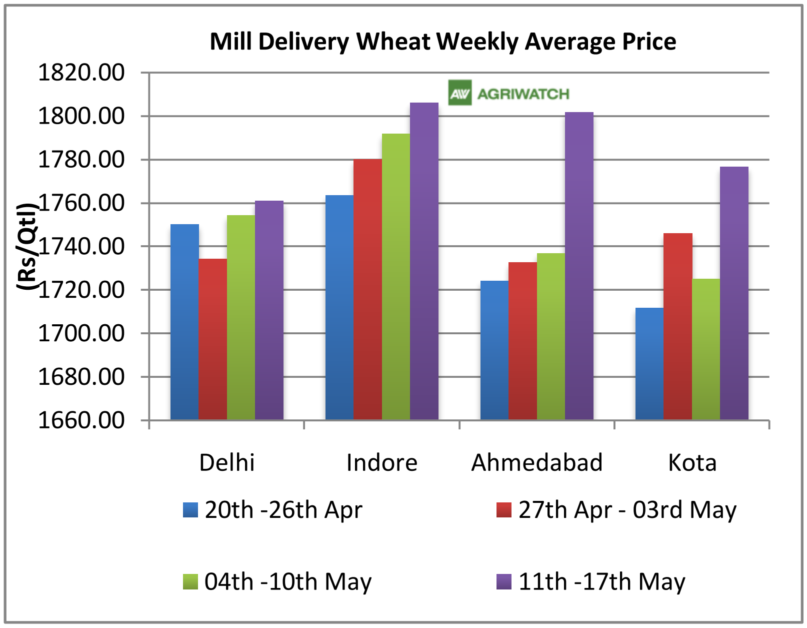
Average mill delivery prices of Wheat traded firm in Ahmedabad, Kota, Indore and Delhi during 11th-17th May. Prices are expected to remain steady to firm in the week.

Arrival pressure has slowed down. If government increases import duty to 40 percent, it will put a complete halt on imports providing support to domestic wheat prices. Government has ample wheat stock this year due to good procurement and if inflow of wheat from other countries like Australia and Russia/Ukraine is not stopped, it can make difficult for government to sell wheat in open market.



Wheat and Rice Stocking Norms

Wheat Stock Norms						
Fig. In Lakh Tonne	**Operational Stock**			**Strategic Reserve**		
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	**Grand Total**
1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 01.07.2017						

Procurement As on 26th April-2018:

State	**Target for Procurement In Marketing Season 2018-19(April To March)**	**Progressive Procurement As on 26.04.2018 (Fig In Lakh Tonne)**		
		In Marketing Season 2018-19	**In Marketing Season 2017-18**	**% Ch Over Previous Year**
Gujarat	0.50	0.24	0.03	**700.00**
Haryana	74.00	74.44	65.92	**12.92**
Madhya Pradesh	67.00	41.63	43.80	**-4.95**
Punjab	119.00	96.61	93.66	**3.15**
Rajasthan	16.00	7.74	5.59	**38.46**
Uttar Pradesh	40.00	13.61	5.44	**150.18**
Uttrakhand	1.00	0.21	0.01	**2000.00**
All-India	**320.00**	**234.61**	**214.52**	**9.37**

FOB Quote for Wheat at Kandla:

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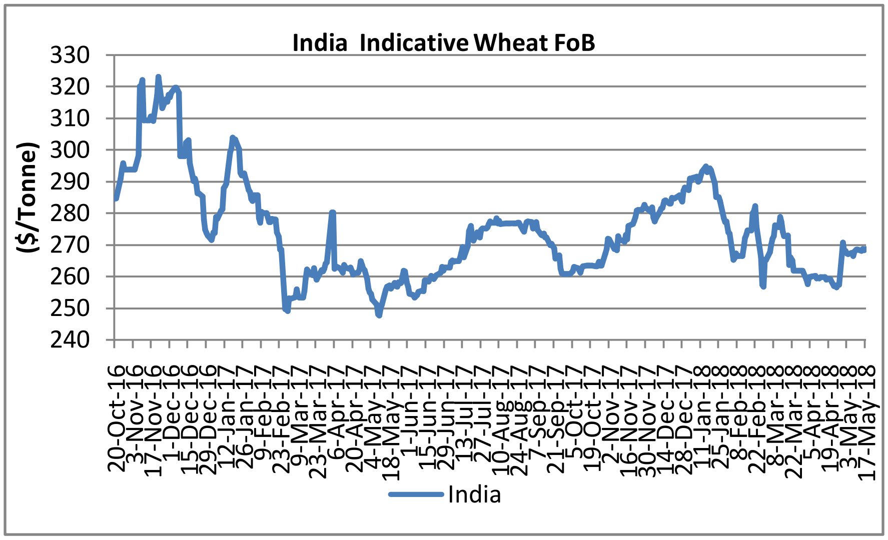
Wheat FoB quote in India witnessed steady to steady tone last week. The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity.

Wheat FoB quote for Kandla is likely to witness steady to slightly firm tone in the coming week and is likely to hover in the range of $260-275 per tonne. Abundant availability of wheat in international market at lower prices compared to export prices of India has also reduced demand for Indian wheat in international market.



Indicative FOB Quotes:						
Wheat FOB	Variety	Yesterday 16-May-18	Week Ago 9-May-18	Month Ago 13-Apr-18	Year Ago 16-May-17	% Change over Prev. Year
USA (Chicago)	2srw	218.30	224.30	209.74	172.72	26.39
France	FCW3	190.01	193.49	198.63	173.43	9.56
Australia	ASW	232.00	225.60	218.40	197.74	17.33
Russia	SRW	204.00	206.00	205.50	180.00	13.33
India	Fob	268.36	267.92	259.89	256.75	4.52

	17/05/2018	10/05/2018	03/05/2018	26/04/2018
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	214	215	216	216
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	206	207	208	208

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									**Date:18.05.2018**
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-May	0	1800	1800	1800	1800	500	+480	0	-500
18-Jun	-2	1797	1799	1795	1797	360	-330	6670	+90
18-Jul	-	-	-	-	-	-	-	-	-

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Wheat Technical Analysis:

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Wheat –Technical Outlook	**Contract Expiry: 20th June, 2018**

Technical Commentary:

- Rise in price and open interest indicates long buildup.
- RSI is moving in overbought region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	June	1746	1731	1797	1861	1873
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	June	**Buy Above**	1787	1822	1844	1767

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	17-May-18	10-May-18	16-Apr-18	16-May-17	
Indore	1775	1764	1702	1612	10.11
Delhi	1759	1769	1777	1751	0.46
Kanpur	1655	1650	1665	1595	3.76
Rajkot	1689	1670	1610	1575	7.24
Kota	1756	1737	1662	1626	8.00

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Domestic Market Weekly Outlook:

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Wheat cash market is likely to trade steady to firm in coming week, as prices are likely to get support from decrease in arrival pressure. There is no problem at supply side due to ample availability.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			17-May-18	16-May-18	10-May-18	17-Apr-18	17-May-17
Delhi	Lawrence Road	Mill Delivery	1750	1750	1770	1770	1750
	Narella	Mill Quality Loose	1720	Closed	1730	1670	1680
	Nazafgarh	Mill Quality Loose	1700	Closed	1680	1655	1660
Gujarat	Rajkot	Mill Delivery	1650	1650	1630	1535	1485
	Ahmedabad	Mill Delivery	1850	1800	1760	1720	1680
	Surat	Mill Quality Loose	1900	1850	1800	1750	1715
	Dhrol	Mill Delivery	1660	1810	1615	1860	1705
M.P.	Indore	Mill Quality Loose	1700	1675	1700	1700	1625
	Bhopal	Mill Delivery	1775	1750	1800	1700	1625
Rajasthan	Kota	Mill Quality Loose	1710	1700	1640	1560	1500
		Mill Delivery	1820	1790	1750	1675	1600
U.P.	Kanpur	Mill Delivery	1725	1725	1700	1715	1725
	Mathura	Mill Quality Loose	1620	1605	1620	1565	1560
	Kosi	Mill Quality Loose	1615	1615	1610	1585	1565
	Hathras	Mill Quality Loose	1620	1620	1630	1625	1560
	Aligarh	Mill Quality Loose	1580	Closed	1600	1610	1625
Punjab	Khanna	Mill Quality Loose	1735	1735	1735	1735	1600
	Ludhiana (Jagraon)	Mill Delivery	1760	1760	1760	1760	1750
Haryana	Sirsa	Mill Delivery loose	1735	1735	1735	1735	1625
	Hodal	Mill Delivery	1760	1760	NR	NR	1690
	Bhiwani	Mill Quality Loose	1735	1735	1710	1750	1660
	Karnal	Mill Quality Loose	NA	NA	NA	1750	1645
	Panipat	Mill Quality Loose	1735	1735	1735	1735	1625

Tamil Nadu	Chennai	Mill Quality	2100	2100	2050	2000	2000
	Madurai	Mill Quality	2157	2225	2200	2150	2150
	Coimbatore	Mill Quality	2157	2275	2250	2200	2200
Bihar	Khagariya	Mill Delivery	1550	1550	1550	1600	1625
	Muzaffarpur	Mill Delivery	1500	1500	1500	NR	1550

Progressive Sowing Status till 09th Feb-2018:

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State Wise Wheat Sowing Progressive in Lakh Hectares Till 09.02.2018

State	Normal area	This Year	Last Year	% Change
Bihar	21.24	23.27	22.96	**1.35**
Chhattisgarh	1.036	1.85	1.76	**5.11**
Gujarat	11.56	10.76	9.96	**8.03**
Haryana	25.39	25.26	25.38	**-0.47**
Himachal Pradesh	3.5	3.6	3.59	**0.28**
J&K	2.955	2.93	2.31	**26.84**
Jharkhand	1.65	2.31	2.11	**9.48**
Karnataka	2.06	2.09	1.57	**33.12**
Madhya Pradesh	54.96	53.16	64.22	**-17.22**
Maharashtra	9.38	9.4	10.57	**-11.07**
Punjab	35.13	35.1	35	**0.29**
Rajasthan	30.472	30.2	30.67	**-1.55**
Uttar Pradesh	97.59	98.67	100.52	**-1.84**
Uttarakhand	3.53	3.58	3.594	**-0.39**
West Bengal	3.28	1.36	3.39	**-59.91**
Others	0.186	0.75	0.26	**185.17**
All-India	**304.43**	**304.29**	**317.88**	**-4.27**

Source: Ministry of Agriculture

International Market Update: **(*Back to Table of Contents*)**

Russian milling wheat prices remained weak by $0-1 per tonne compared to last week. Export prices eased due to low liquidity, better weather conditions and expectation of good new crop. Russia is expected to produce around 74 MMT of wheat in 2018-19. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB $210.00-214.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $210.00-213.00/tonne.

As per latest Update, Iraq's state grains board has purchased around 100000 tonnes of hard wheat in a tender. Of the total quantity 50000 tonnes will be sourced from United States and rest from Australia. In previous tender, Iraq bought 100000 tonnes of Australian wheat at $298 per tonne C&F. Iraq has stepped up its local wheat purchase as well due to drought conditions.

GASC has purchased 60000 tonnes of Ukrainian wheat through tender. Louis Dreyfus offered 60000 tonnes at FOB $219.90/tonne. The wheat is to be shipped between June 15-25.

As per latest update, Japan's ministry of agriculture bought 89937 MMT of food quality wheat from United States, Canada and Australia. Around 33992 MMT has been bought from United States; Around 30730 MMT has been bought from Canada and 25215 tonnes of standard white wheat from west Australia. Shipments from United States and Canada will be loaded between June 21 and July 20 whereas shipment from Australia will be loaded between July 01 and July 31.

As per latest update, Moroccan government has decided to give subsidy to wheat millers for using locally harvested wheat. The subsidy would be 10 dirham's per 100kg of soft wheat. The government has also raised its import duty to 135 percent from 30 percent to reduce imports. Morocco imported around 4.2 MMT of soft wheat and 8.5 LMT of durum wheat.

As per latest update, china has sold 310297 tonnes of wheat for average price of 2399 yuan ($376.51) per tonne at an auction of state reserves on Wednesday. The quantity sold represents around 14.9 percent of wheat available at auction.

A flour mill in Indonesia has bought around 60000 tonnes of wheat at $220-222 per tonne from black sea due for shipment in August. Indonesia usually imports from Australia. However as prices are ruling higher, black sea is taking advantage of this situation and capturing market share of Australia by providing the required quantity at lower prices.

Algeria state grains agency OAIC has bought around 420000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid were in the range of $224-225 per tonne (Cost and Freight). Origin of wheat is likely to be French. The country does not disclose the results of its tenders and purchase reports are based on trade assessments.

As per latest update, Russia's winter wheat growth has been delayed by two to three weeks due to cold weather in central areas and Volga valley. IKAR is expecting a production of 72-78 MMT down by around 9% compared to last year. India fulfils its import requirement of wheat from Black sea and Australia. Lower production in black sea region along with good demand from importing countries may lead to increase in prices.

In financial year 2018-19, Egypt has decided to import 7 MMT of wheat at an average price of $220 per tonne (Cost and Freight). Furthermore, Egypt has set a price of $32-34 per ardeb (150 kg) for procuring in local market during financial year 2018-19.

IGC Wheat Balance Sheet:

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IGC Forecast(Fig-In MMT)	2015-16	2016-17 (Estimate)	2017-18 (Forecast)	2018-19(Projected)	
				22.03.2018	26.04.2018
Production	737	754	758	741	739
Trade	166	175	175	179	179
Consumptions	719	736	740	744	745
Carryover stocks	226	244	263	253	257
Y-O-Y change	18	18	18	-	-6
Major Export	67	80	84	66	72

- *IGC has projected global wheat production to be 739 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 758 MMT against 754 MMT for 2016-17. The projection for global production is lower by 19 MMT compared to forecast for 2017-18. IGC has projected lower production for 2018-19 however; carryover stocks are still at higher side.*
- *Trade projection for 2018-19 has been increased to 179 MMT. It is 4 MMT higher compared to forecast for last year and higher by 13 MMT compared to 2015-16.*
- *Consumption has been increased by 1 MMT to 745 MMT for 2018-19. The projection is higher by 9 MMT compared to 2016-17.*
- *Carryout for 2018-19 is projected at 257 MMT compared to forecast of 263 MMT last year. It is higher by around 13 MMT compared to estimate of 2016-17.*

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)

CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	16-May-18	9-May-18	16-Apr-18	16-Feb-18	16-Nov-17	16-May-17	
Jul-18	181.59	187.56	175.98	178.74	177.91	182.41	**-0.45**
Sep-18	187.47	193.71	182.78	184.62	183.79	186.55	**0.49**
Dec-18	195.36	201.61	191.32	192.24	190.41	191.51	**2.01**
Mar-19	201.98	208.59	197.84	197.84	194.91	194.63	**3.78**
May-19	205.47	211.99	201.15	199.50	196.56	195.36	**5.17**
Jul-19	206.85	212.82	202.16	200.23	191.14	193.90	**6.68**

AGRIWATCH

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CBOT July-18

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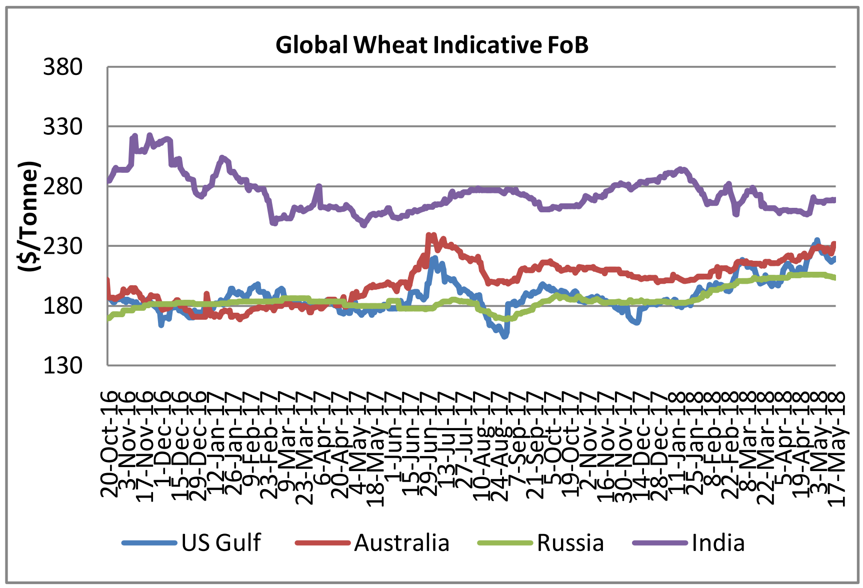
1st Support: 166.00
2nd Support: 164.00
1st Resistant: 199.00
2nd Resistant: 201.00
($ per tonne)

Wheat CBOT closed at $5.18 per bushel. U.S. export sales in the week of April (04th -10th May) were 63100 tonnes. The sales were above the trade expectation of 0-200000 tonnes. On May 14, USDA rated 36% of the winter wheat crop in good to excellent condition, up from 34% last week, and 36% of the winter wheat is in poor or very poor condition.

International FOB Weekly Price Movement (USD/T)



Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between $268.16-268.81 per tonne.

US and Russian quotes are hovering in the range of $218.60 and $204.20 per tonne respectively. Wheat prices in international markets witnessed steady to slightly weak tone last week.

Wheat quotes are expected to trade steady to firm and hover in the range of $200 to $255 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady to firm due to tightening world wheat supplies. EU is likely to produce around 148.5 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 74.50 MMT and 26.7 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 47.50 MMT compared to last year's 47.40 MMT. Australia is likely to produce 24.30 MMT in 2018-19 compared to 21.20 MMT in 2017-18 as acreage is likely to return to normal level. Argentina is expecting to harvest around 17.1 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 29.9 MMT in 2018-19 compared to 30.0 MMT in 2017-18.